B. Coal and Coke Production

1. Relative to the bituminous coals of Komlo and the Pecs district:

(a) [redacted] the average heat value is around 4,700 calories. 25X1

(b) In the preparation of Komlo coal for coking, about 30% is rejected. This operation is carried out partly by hand-picking and partly by mechanised selection process. About 25-45% is considered capable of being coked.

[redacted] 25X1

2. With reference to Hungarian coke situation in general:

[redacted] 25X1

(c) There is no plant at Pecs producing metallurgical coke.

(d) [redacted] relating to the countries of origin of Hungary's imports of metallurgical coke. 25X1

[redacted] no imports from the Soviet Union have ever taken place. 25X1

[redacted] 25X1

5. With reference to exploration and prospecting at Komlo:

(a) An extensive drilling programme is under way at Komlo.

(b) Efforts in recent years have increased the known reserves at Komlo very considerably. The completion of the new estimates of reserves was scheduled for the summer of 1954 [redacted] 25X1

[redacted] approximation for reserves of bituminous coal at Komlo and the Pecs district is 270-300 million tons. That is, about 3 times the figure given in the previous estimate of 1946. 25X1

(c) No new deposits of bituminous coal have been discovered anywhere else in Hungary.

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6. With reference to Hungary's efforts to produce metallurgical coke from internal sources:

(a) The results up to the present have not been sufficiently successful to make a significant difference in imports of coke.

25X1

25X1

C. Metals

1. Hungary has no regular source of supply for molybdenum, cobalt and nickel. Sporadic imports [redacted] But the quantities are negligible and cover only a fraction of Hungary's requirements. The acute shortage of cobalt and nickel is one of the main reasons for the inferior quality of alloys produced in Hungary. Very much the same conditions are known to be in evidence in the other Satellite countries in Europe.

25X1

([redacted] in a conference where the shortage of cobalt and nickel was [redacted] on the agenda. [redacted] it was frankly admitted that these metals were practically unobtainable and that the U.S.S.R. was unable to supply them.)

25X1

2. Vanadium and Manganese:

(a) The Hungarians do not at present produce vanadium as a by-product of alumina production.

(b) The manganese reserves of Hungary [redacted]

25X1

	Manganese carbonate ore	Manganese oxide ore
Urkut mines	35 - 40 million tons	2,000,000 tons
Epleny mines	--	300,000 tons

3. The most recent estimate of iron ore reserves in Hungary is as follows: -

(a) Iron ore containing 34-52% Fe and 12-25% SiO_2 10-12 m.tons

(b) Iron ore containing 28-35% Fe and 15-27% SiO_2 10 m. tons

In regard to ores under (b), it must be noted that Hungary possesses no metallurgical capacity for smelting such qualities.

4. No new discoveries of iron ore deposits have been made in Hungary since 1945.

[redacted]

25X1

6. There is only one ore preparation plant in Hungary, namely that of GYONGYOSOROSZI. That plant handles iron ore and small quantities of other ores. [redacted]

25X1

URKUT possess a physical washing plant. It is used for manganese but not for iron ore.

7. The Hungarians are planning to extract iron oxide or "red mud" from domestic bauxite. Geo-chemical research has been in progress for some time past. But the results have not been satisfactory. There is definitely no such production on a

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commercial scale.

25X1

9. There have been no shortages of iron ore in Hungary during recent years.

25X1

11. Administrative control over Hungary's iron mines is with the Directorate for Iron Ore Mining in the Ministry for Heavy Industry.

12. No iron ore deposits of significant quantity and quality which may be exploited in the future have been found.

25X1

D Petroleum

1.& 2. The areas and locations where exploration for oil is under way

25X1

3. Drilling is in progress at MEZOTUR.

25X1

25X1

E. Organisational and General Information

25X1

2. Labour shortage and labour productivity in mining:

(a) Labour shortage in industry is general, but it is most acutely felt in the mining industry and at machine tractor stations. The latter are insufficiently equipped with

machinery/.....

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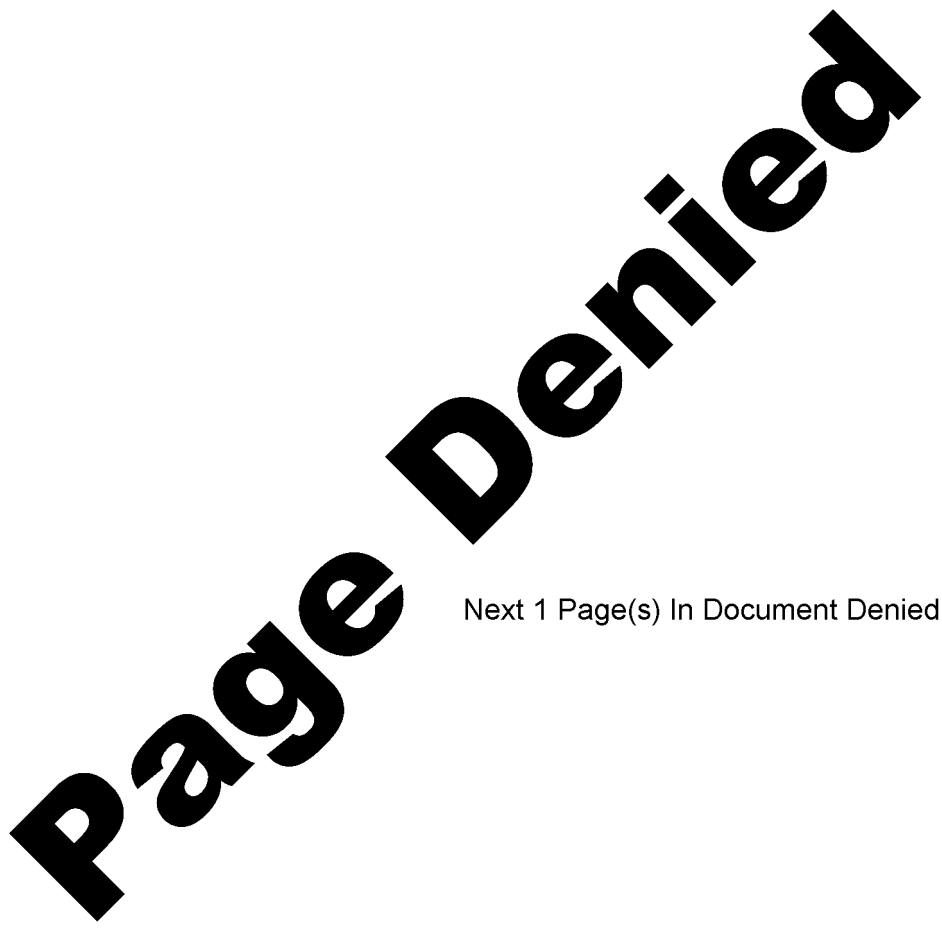
machinery. But even for what they have the labour force is inadequate, because every man who had the least idea of industry was in recent years taken away from the land and sent to factories or to mines. Those who remained at tractor stations were people who were not "mechanically minded". Therefore, the results of mechanisation of agriculture are "ludicrous".

(b) In labour productivity in mining there has been some partial increase. But in some mines there has been a retrogression.



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